

1 What economic terms or concepts do the following statements describe?

The movement and exchange of physical goods such as materials, component parts, equipment and finished products as well as services, ideas, capital and labour across international borders

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A national economy that engages freely in trade with other economies

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An indirect tax on the price of an imported good

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A limit on the volume of an imported good allowed into a country

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A form of predatory pricing and unfair competition that involves producers in one country 'flooding' another with their product at a price that is well below its global market price in order to increase their export sales greatly at the expense of local producers

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The process of removing barriers to trade between different countries

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The ability of firms in a country or region to produce a product at a lower cost per unit than producers in any other country or region can do so

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A new industry in its early stages with future growth potential but as yet without sufficient scale to compete with larger established overseas competitors

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Any government policy, activity or requirement that makes the importation of some goods into a country more costly, difficult or even impossible

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The ability of firms in a country to produce a product at a lower opportunity cost than overseas competitors

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A mature industry that continues to be important to an economy but which is in decline in terms of its contribution to output, employment and trade

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Growing social, technological, political and economic interdependence and interaction between different economies

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2 Suggest and explain three benefits to an economy from engaging in international trade.

i)

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ii)

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iii)

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3. Suggest and explain two reasons why an economy may wish to restrict overseas trade and competition.

i)

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ii)

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4 Chile is the world's largest copper producer, accounting for around 35% of international output. Its production accounts for around 15% of its GDP and 55% of its total export earnings.

Moreover, government revenue from copper – in the form of the profits of state copper company Codelco and taxes paid by private mining companies – account for almost a third of total public revenues.

However, world copper prices and demand have weakened because of depressed economic conditions in industrialized countries including the major importers, the USA, China, Germany and Italy. Analysts are concerned about the impact this could have on the Chilean economic recovery and GDP.

Which of the following economic concepts are involved in the above news article? Indicate using a tick for yes or a cross for no.

Economic concept	Yes or no?
International trade	
Economic cycle	
Dumping	
Taxation	
Comparative advantage	
Sunset industries	
Price mechanism	
Manufacturing	
Primary industry	
Public sector ownership	
Risks of over-specialization	
Non-tariff barriers	